



THOMAS L. GARTHWAITE, M.D.
Director and Chief Medical Officer

FRED LEAF
Chief Operating Officer

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES
313 N. Figueroa, Los Angeles, CA 90012
(213) 240-8101

BOARD OF SUPERVISORS

Gloria Molina
First District

Yvonne Brathwaite Burke
Second District

Zev Yaroslavsky
Third District

Don Knabe
Fourth District

Michael D. Antonovich
Fifth District

May 19, 2004

TO: Each Supervisor

FROM: Thomas L. Garthwaite, M.D.
Director and Chief Medical Officer

A handwritten signature in blue ink, reading "Thomas L. Garthwaite", is written over the printed name and title.

SUBJECT: **NOTIFICATION OF THE DEPARTMENT OF HEALTH SERVICES USE OF
DELEGATED AUTHORITY TO ACCEPT ADDITIONAL REGISTRY AGENCIES
FOR PHARMACY SERVICES**

This is to advise you that the Department of Health Services will exercise its delegated authority, as approved by the Board of Supervisors on April 27, 2004 (Attachment I), authorizing the Director, or his designee, to sign any additional registry agreements for pharmacy services that are willing to agree to the County's terms and conditions, and so notify the Board of Supervisors.

Accordingly, Asereth has agreed to the County's terms and conditions, and has signed an agreement which will become effective on the date of execution by all parties and will continue through June 30 2005, with two one-year automatic renewals through June 30, 2007.

If you have any questions or require additional information, please let me know.

TLG:ca

Attachment (1)

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors



MINUTES OF THE BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES, STATE OF CALIFORNIA

Violet Varona-Lukens, Executive Officer
Clerk of the Board of Supervisors
383 Kenneth Hahn Hall of Administration
Los Angeles, California 90012

Director of Health Services

At its meeting held April 27, 2004, the Board took the following action:

29

The following item was called up for consideration:

The Director of Health Services' revised recommendation to approve and authorize the Director to amend form agreements for temporary medical support services for pharmacy services only, to establish rates that are consistent with the minimum level paid to the registry agencies for respiratory care and pharmacy services by non-County providers, at an estimated total cost of \$10.3 million, effective upon Board approval through June 30, 2005, with two one-year automatic renewals through June 30, 2007.

After discussion, on motion of Supervisor Knabe, seconded by Supervisor Burke, unanimously carried, the Director of Health Services' attached revised recommendations were adopted.

8042704-29

Attachment

Copies distributed:
Each Supervisor
Chief Administrative Officer
County Counsel



THOMAS L. GARTHWAITE, M.D.
Director and Chief Medical Officer

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April 15, 2004

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

TEMPORARY MEDICAL PERSONNEL SERVICES AGREEMENT AMENDMENT
(All Districts) (3 Votes)

IT IS RECOMMENDED THAT YOUR BOARD:

1. Delegate authority to the Director of Health Services, or his designee, to amend the temporary medical support services form agreement for Pharmacy Services only (as listed in Attachment C), with temporary personnel registry agencies to establish rates that are consistent with the minimum level paid to the registry agencies for pharmacy services by non-County providers. These services will be performed at an estimated cost of \$10.3 million, effective upon Board approval through June 30, 2005, with two one-year automatic renewals through June 30, 2007.
2. Delegate authority to the Director of Health Services, or his designee, upon review and approval of County Counsel and the Chief Administrative Officer, to negotiate and execute form agreements with any additional registry agencies for pharmacy services that are willing to agree to the County's terms and conditions, and so notify the Board of Supervisors.

PURPOSE/JUSTIFICATION OF THE RECOMMENDED ACTIONS:

These actions will enable Department of Health Services (DHS or Department) to secure temporary medical personnel at a reasonable rate and in numbers sufficient to assure continued provision of pharmacy services without threat of interruption to needed patient care. (See Attachment B for proposed agreement rates, by discipline, service level, and service type.)

In exchange for the increased contract registry rates, the contractors are extending the agreement term beyond June 30, 2005, with two automatic one-year extensions.

FISCAL IMPACT/FINANCING:

The estimated net County cost for these amendments is \$11.3 million, for the period commencing upon Board approval through June 30, 2005. Funding for these agreements is available for the remaining two months in the Department's Fiscal Year 2003-04 Adopted Budget through existing salary savings. Funding will be requested in future fiscal years through June 30, 2007.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

Background

For a number of years, the County has contracted with Board-approved registry agencies for the provision of as-needed and part-time medical personnel services to address critical staffing shortages, peak workloads, unexpected emergencies, and vacation coverage at DHS facilities. There are seven such agreements for the following services: radiology, respiratory care, home health, temporary medical support including pharmacy, neurological testing, mobile lithotripsy and temporary specialty medical.

On December 19, 2000, the Board approved form renewal agreements which resulted in the Department's existing contractor list (Attachment C). On June 17, 2003, the Board approved one-year extension amendments through June 30, 2004.

Nationwide, there is a critical shortage of pharmacists. According to the Health Resources and Services Administration (HRSA), the problem is expected to worsen over time, particularly in the nation's hospitals. A May 2003 survey conducted by the American Society of Health-System Pharmacists reports a 5.6 percent vacancy rate in the nation's hospitals. HRSA concludes, "(t)he statistics are clear that the current shortage of pharmacists exists and will not be quickly resolved." Exacerbating the nationwide shortage impact on the County, is the difficulty in recruiting full time staff given the current pharmacist salary rates.

Current Status

County contract rates for the temporary medical personnel services category of pharmacy are significantly below the market rate. Because this service is in demand and the County's rates are not competitive, it is difficult, if not in some cases impossible, to secure these temporary medical personnel services through our agreements. Rather than jeopardize operations, DHS facilities have, in some instances, utilized the purchase order process to secure temporary medical personnel services and pay the market rate.

The Department is requesting a rate increase for the temporary medical personnel services listed on Attachment B. The current County rates have not been raised since December 15, 1998. In fact, rates were actually decreased for two of the pharmacy items, pharmacy helper and pharmacy technician, in June 2000.

Pharmacy

The County's contracted hourly rates for Pharmacist, Pharmacy Intern, Pharmacy Helper, and Pharmacy Technician are substantially less than the rates charged and received by the registries from non-County providers. For example, the County-contracted rate for Pharmacy Intern is 300% less than the registry rate charged to and received by non-County providers. Because pharmacists are scarce and non-County providers pay substantially more than the County, the temporary personnel agencies first refer their pharmacists to the higher paying providers, which the pharmacists prefer. Consequently, there are few, if any, pharmacists remaining to refer to the County.

Additionally, the County has been unable to recruit pharmacists as County employees because the County's salaries fall below those of the private sector. ValleyCare currently has eight (8) vacancies and will have a ninth vacancy shortly.

The attached schedule (Attachment D) compares the County's contract rates to the non-County provider rates, by discipline, service type and position level.

The Department intends to offer amendments to the current contractor registry pool, which provide these temporary medical services to the DHS facilities, Sheriff's Department and other County departments, as needed. The Department also intends to allow other interested registries the opportunity to contract with the County, once qualified by our DHS facilities and reviewed and approved by County Counsel and the Chief Administrative Office. The Department will notify the Board of Supervisors of these additional registry contracts. These contract services will continue to be utilized only for the most critical Department functions for which County employees and County re-employment list personnel are not available to provide these services. The Department will continue to canvass qualified employees on the County's Re-employment List to determine potential interest in providing as needed or part-time services.

These amendments include provisions requiring each provider to have a risk management or loss prevention plan prior to commencing services and to comply with all County standard indemnification and insurance requirements.

The form amendments have been reviewed by the Department of Human Resources, affected unions, Employee Relations, and participating Department facilities.

Attachments A, B, C and D provide additional information.

County Counsel has approved the form amendments as to use and form.

CONTRACTING PROCESS:

These personnel services are on a temporary, as-needed basis to allow facilities to provide critical patient care services during staffing shortages. The Department has attempted to recruit for these highly competitive services, but has been unsuccessful. The Department will continue to attempt to fill its pharmacy vacancies.

The Honorable Board of Supervisors
April 15, 2004
Page 4

Although this category of personnel services is being addressed in this Board action, the Department intends to return to the Board to request rate increases for other temporary medical personnel services items in the near future.

IMPACT ON CURRENT SERVICES (OR PROJECTS):

Approval of the recommended amendments will ensure the continued availability of as needed temporary medical personnel services for County patients at County hospitals, comprehensive health centers, and health centers through June 30, 2005, with two one-year automatic renewals through June 30, 2007.

When approved, this Department requires three signed copies of the Board's action.

Very truly yours,

A handwritten signature in black ink, appearing to read "Thomas L. Garthwaite", written over a horizontal line.

Thomas L. Garthwaite, M.D.
Director and Chief Medical Officer

Attachments (4)

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors
Auditor-Controller

BLETC3334.CBA

SUMMARY OF AGREEMENT

1. **TYPE OF SERVICE:**

As-needed and part-time medical personnel services.

2. **TERM:**

The amendments will become effective upon Board approval and continue through June 30, 2005, with provisions for two one-year automatic renewal periods ending on June 30, 2007.

3. **FINANCING INFORMATION:**

The estimated net County cost of the agreements is \$10.3 million for the period commencing upon Board approval through June 30, 2005. Funding for these agreement is available for the remaining two months in the Department's Fiscal Year Adopted 2003-04 Budget through existing salary savings and will be requested in future fiscal years.

4. **ACCOUNTABILITY FOR MONITORING:**

The administrators and medical directors at the DHS facilities and at the Sheriff's Department where services are provided will continue to monitor the contractor's performance.

5. **APPROVALS:**

Health Services Administration: Fred Leaf, Chief Operating Officer

Contract Administration: Irene E. Riley, Director

County Counsel (approval as to form): Sharon A. Reichman, Senior Deputy County Counsel

BLETC3334.CBA

cba:03/31/04

PROPOSED AGREEMENT RATES

Pharmacy

New Flat Rate

Pharmacist

\$79

Intern

\$25

EXISTING CONTRACTORS

Temporary Medical Support Services

PHARMACY

CONTRACT NO.

Reliable Health Care Services
RX Relief

H-207306-3
H-212003-3

BLETCDD3334.CBA
cba:03/31/04

RATE COMPARISON SCHEDULE
FOR SELECTED CONTRACTED SERVICES
AS OF APRIL 1, 2004

ATTACHMENT D

SERVICE TYPE	CONTRACT HOURLY RATE	PROPOSED RATE	CONTRACTOR RATE RANGE
PHARMACY			
Pharmacist	\$49.00	\$79.00	\$79-89
Pharmacy Intern	\$12.50-\$14.50	\$25.00	\$25-28